



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

November 9, 2016

Honorable Andrea Inman
Audit Director
Division of State Government Accountability
NYS Office of the State Comptroller
110 State Street, 11th Floor
Albany, New York 12236

Dear Ms. Inman:

Pursuant to the provisions of Section 170 of New York State Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2015-S-16 entitled, "Medicaid Claims Processing Activity April 1, 2015 Through September 30, 2015."

Please feel free to contact Amy Nickson, Assistant Commissioner, Office of Governmental and External Affairs at (518) 473-1124 with any questions.

Sincerely,

Howard A. Zucker, M.D., J.D.
Commissioner of Health

Enclosure

cc: Ms. Nickson

**Department of Health
Comments on the
Office of the State Comptroller's
Final Audit Report 2015-S-16 entitled,
Medicaid Claims Processing Activity April 1, 2015
Through September 30, 2015**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Final Audit Report 2015-S-16 entitled, "Medicaid Claims Processing Activity April 1, 2015 through September 30, 2015."

Background

New York State (NYS) is a national leader in its oversight of the Medicaid Program. The Office of the Medicaid Inspector General (OMIG) conducts on-going audits of the Medicaid program and managed care plans. The Department and OMIG will continue to focus on achieving improvements to the Medicaid program and aggressively fighting fraud, waste and abuse.

Under Governor Cuomo's leadership, the Medicaid Redesign Team (MRT) was created in 2011 to lower health care costs and improve quality of care for its Medicaid members. Since 2011, Medicaid spending has remained under the Global Spending Cap, while at the same time providing health care coverage to an additional 1,475,319 fragile and low income New Yorkers. Additionally, Medicaid spending per recipient decreased to \$8,305 in 2015, consistent with levels from a decade ago.

Recommendation #1

Review the \$7,134,184 in improper capitation payments we identified and recover overpayments as appropriate.

Response #1

OMIG recovered \$4,422,000 of the inappropriate capitation payments. OMIG will continue to pursue recovery of any inappropriate payments as part of the ongoing and continuous OMIG Retroactive Disenrollment audits.

Recommendation #2

Review the \$2,282,626 in improper Medicaid payments we identified and recover overpayments as appropriate.

Response #2

OMIG recovered \$1,423,000 of the inappropriate payments. OMIG will continue to review and recover any inappropriate payments.

Recommendation #3

Investigate the life status of the remaining 766 deceased NYSOH enrollees we identified and update their Medicaid enrollment and coverage, as appropriate.

Response #3

The Department has completed its review of the remaining 766 deceased NY State of Health enrollees and has determined that four individuals were alive. The Department took the necessary steps to close the remaining 762 accounts.

Life status continues to be verified through the federally required Social Security Administration Composite service at application or when a consumer updates their NY State of Health application. This occurs prior to the effectuation of eligibility and/or enrollment. In addition, since 2016, newly eligible individuals are included in the federal Periodic Verification Composite (PVC) batch service starting the first month of eligibility in order to identify deceased individuals. The newly eligible individuals, along with all existing enrollees/eligibles, are included in the monthly PVC batch service for each subsequent month of eligibility. Medicaid eligible individuals who are identified as being deceased through the PVC service are given 15 days to refute the PVC service findings. If the response period ends and no response is received, the individual is made ineligible back to the date of death.

While New York State was waiting for the federal PVC service to become operational, NY State of Health received a weekly file from eMedNY of suspected deceased individuals that were manually researched and closed, as appropriate. As a result of that process, 40 percent of the individuals identified by OSC were researched and appropriate actions taken before OSC fieldwork concluded. The remaining cases were researched and appropriate actions taken in the subsequent months as part of the interim manual process.

OMIG completes an annual audit of deceased recipients enrolled in managed care. As part of this audit, OMIG will review and recover any inappropriate payments.

Recommendation #4

Review and recover the unresolved overpayments totaling \$352,379 (\$176,082 + \$1,183 + \$175,114).

Response #4

OMIG's Third Party Liability Contractor (HMS) has recovered \$166,476, and continues its recovery efforts.

Recommendation #5

Review the two unresolved overpayments totaling \$210,467 and recover as appropriate.

Response #5

OMIG has recovered \$111,586 from one inappropriate payment, and is in the process of recovering the other inappropriate payment.

Recommendation #6

Formally advise the two hospitals to accurately report alternate levels of patient care when billing Medicaid to ensure appropriate payment.

Response #6

Computer Sciences Corporation (CSC), the Department's contractor that conducts provider billing outreach and education, formally advised the providers identified in this audit on how to accurately report Alternate Level of Care days on claims.

Recommendation #7

Review and recover the two unresolved overpayments totaling \$6,009.

Response #7

OMIG will review and recover the unresolved overpayments, where appropriate.

Recommendation #8

Review and recover the three unresolved overpayments totaling \$1,007 (\$634 + \$256 + \$117).

Response #8

The provider has reversed the claim so that the overpayment of \$634 has been recouped. The Prior Approval has been adjusted to allow payment of the speech generating device at the established Medicaid Reimbursement Amount listed on the fee schedule.

OMIG will review and recover the unresolved overpayments, where appropriate.

Recommendation #9

Formally instruct the providers in question how to correctly bill Medicaid to help ensure appropriate payment.

Response #9

A letter was sent to one provider formally instructing them on the Medicaid billing policies for submitting claims based on actual loaded mileage incurred.

Furthermore, CSC formally advised the two providers identified in this audit on the correct Medicaid billing policies for submitting eye care claims.

Recommendation #10

Determine the status of the five remaining providers with respect to their future participation in the Medicaid program.

Response #10

Of the five providers, OMIG has determined the following:

Four have been excluded.
One is under investigation.

Recommendation #11

Determine the appropriateness of the \$2,888 received by the seven terminated providers and recover improper payments as warranted.

Response #11

OMIG reviewed the \$2,888 claims paid to the seven providers after their eMedNY termination date. It was determined that the dates of service were prior to the providers being terminated; but, payment was not adjudicated until after the termination dates.